

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Nakano Analyst: Darrine Distefano Bill Number: AB 385
Related Bills: None Telephone: 845-6458 Introduced Date: February 14, 2003
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Provide Employees With Itemized Salary Or Wages Statements In Writing or Electronically

SUMMARY

This bill would allow a state agency to provide its employees, at each employee's election, with an electronic itemized salary or wage statement in lieu of a statement in writing.

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to provide state employees that participate in the Direct Deposit program an option to receive earning statements electronically. This would provide a cost savings to the state and help reduce paper use.

EFFECTIVE/OPERATIVE DATE

This bill would be effective January 1, 2004.

POSITION

Pending.

ANALYSIS

FEDERAL/STATE LAW

Under federal law, the Fair Labor Standards Act (FLSA) requires an employer to keep certain records about the employee, including all additions to or deductions from the employee's wages. The FLSA does not require an employer to use a specific form for records on employees, but does require an employer to maintain certain identifying information about their employees.

Current state law requires a state agency at the time of payment of salary or wages to provide to each employee an itemized statement in writing that details all of the deductions made from those salary or wages.

THIS BILL

This bill would allow a state agency to provide each employee the option to receive the itemized statement of deductions made from his or her salary or wages electronically.

Board Position:

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Department Director

Date

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's programs and operations.

OTHER STATES' INFORMATION

Florida, Illinois, Massachusetts, Minnesota, Michigan, and New York all require employers to notify employees of the deductions taken from their employees' salary or wages in writing. Each of these states also requires employers to maintain a record of the deductions taken. No information was found if any of these states use electronic means to send salary or wage deduction information.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

LEGISLATIVE STAFF CONTACT

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